

Quarterly bulletin featuring news, studies and external analysis, focusing on the latest developments in the Amazon region. The mapping work for the bulletin is conducted by Catavento for Fundo Vale and companies in the Cubo business ecosystem. Prepared and curated by [Catavento](#). Distributed by [Fundo Vale](#). Based on information mapped between June 21 and September 30, 2024.

## CLIMATE EMERGENCY

### FIRES IMPACT AMAZON, DESPITE REDUCTION IN DEFORESTATION

**What?** This year, the Brazilian Amazon region has experienced the [highest number of forest fires in the last 19 years \(63,000 between January and August\)](#), in addition to the [drought affecting the region](#). The smoke has affected more than [80% of the country](#), impacting the economy and posing health risks. Accordingly, as an urgent measure, [the Federal Supreme Court authorized the use of extraordinary credits to fight these fires](#) until the end of the year, and the federal government has also provided [R\\$514 million](#) for this purpose. This challenging situation has occurred [despite a 10% reduction in deforestation](#) in the 12 months to August 2024.

**Why does it matter to the private sector?** [One year before COP30](#), Brazil is facing forest management challenges, causing [reputational and regulatory risks](#) for companies operating in the region.

## CLIMATE EMERGENCY

### CLIMATE CHANGE MAKES THE AMAZON MORE VULNERABLE

**What?** As of 2023, [Brazil had lost 33% of its natural habitat](#), with the Amazon Rainforest and Cerrado Savanna biomes the hardest hit. The Amazon Rainforest, which has [retained 81% of its original vegetation](#), is nearing a critical tipping point (between 75% and 80%). This loss of vegetation is reducing the forest's humidity, making it more susceptible to wildfires. A recent study shows that climate change [made the Western Amazon 20 times more prone to forest fires](#) between 2023 and 2024, exacerbating the situation.

**Why does it matter to the private sector?** Climate change and deforestation have systemic impacts, generating costs for companies and society.

## INTERVIEW

### SOCIAL PROGRESS INDEX POINTS TO DIFFERENT REALITIES IN BRAZIL

The [Institute for the Amazon's People and Environment \(Imazon\)](#) recently launched its first report about the [Social Progress Index \(SPI\) in Brazil](#), covering all the country's 5,570 municipalities. Beto Veríssimo, Imazon's co-founder, discusses the study's main messages in the following interview.

#### 1. How does the SPI differ from other social and environmental indicators?

The SPI is distinctive, as it focuses exclusively on social and environmental well-being, without looking at economic indicators. The methodology has strict criteria for selecting indicators, which are public and annual. As a result, the index remains relevant by capturing recent changes in local dynamics. It assesses whether people have what it takes to thrive by presenting data in three dimensions: Basic Human Needs, Well-Being Fundamentals, and Opportunities. Each is made up of four components (such as nutrition, personal security, access to education and individual rights), offering a comprehensive analysis of a location's quality of life. This approach makes it possible to identify gaps in development that may not be detected by traditional economic indicators.



## **2. Your report divides Brazil's municipalities into nine tiers with different realities. What are the main regional differences identified?**

The municipalities were divided into nine tiers, reflecting significant differences in development. Tier 1, made up of 308 municipalities, accounts for 29% of Brazil's population and 41% of its GDP, including most of its state capitals and some smaller municipalities with high social and environmental performance, such as Gavião Peixoto in São Paulo. Tier 9, which has just 93 municipalities, occupies 16% of the country's land mass but only accounts for 0.4% of GDP and 1% of the population. The most backward regions, in Tier 8 and Tier 9, tend to have low population density and poor infrastructure, reflecting marked inequalities between the North and other regions.

## **3. There is a higher concentration of critical municipalities in the Amazon. Which components have the worst performance and what factors could explain this situation?**

Municipalities in the Brazilian Amazon region have critical performance in components such as access to basic knowledge, health and well-being, and personal security. This reality can be explained by the lack of infrastructure, geographical isolation and difficulties in accessing essential services such as education and healthcare. In addition, the presence of informal economic activities and poor governance in some areas contribute to unsatisfactory performance. Analysis of the indicators reveals the need for more effective and targeted public policies.

## **4. How can the SPI help companies in their social and environmental activities, especially in the Amazon region?**

The SPI offers a detailed overview of the social and environmental conditions of municipalities, allowing companies to identify critical areas and act more strategically. In the Amazon, the index can guide initiatives, helping companies invest in projects that really meet local needs. In addition, the SPI can be used to monitor the impact of their actions over time, ensuring that their activities are aligned with the principles of sustainability and social responsibility.

## MECHANISMS TO FINANCE FORESTS ADVANCE

**What?** The Tropical Forests Forever Fund, announced by the Brazilian government at COP28, has received support from G20 environment and climate ministers. The fund aims to reward the preservation and restoration of tropical forests with an annual payment of US\$4 per hectare. The Brazilian government estimates that the country could receive up to US\$1.3 billion a year if it completely halts deforestation. In addition to the Tropical Forests Forever Fund, a Tropical Forest Mechanism has been proposed, which would pay US\$30 per hectare to countries that reduce deforestation. This mechanism would use resources from carbon-intensive sectors such as oil and gas and mining.

**Why does it matter to the private sector?** New mechanisms could attract resources from countries and companies for preservation and restoration activities in the Amazon.

## NORTHERN BRAZIL FACES CHALLENGES IN SCIENCE, TECHNOLOGY AND INNOVATION

**What?** The Brazilian Innovation and Development Index uses 74 indicators to present a snapshot of the innovation landscape in the country. The North region ranks the lowest, with four states in the bottom five positions. The region performed the worst in terms of the creative economy, knowledge & technology, and business. In this context, another study mapped bills currently under way in Congress that could leverage resources for innovation in the region. Despite covering 60% of the country, the Amazon only receives 3% of total investment in science, technology and innovation.

### Why does it matter to the private sector?

Strengthening science and innovation is key to creating a more attractive business environment for the bioeconomy.

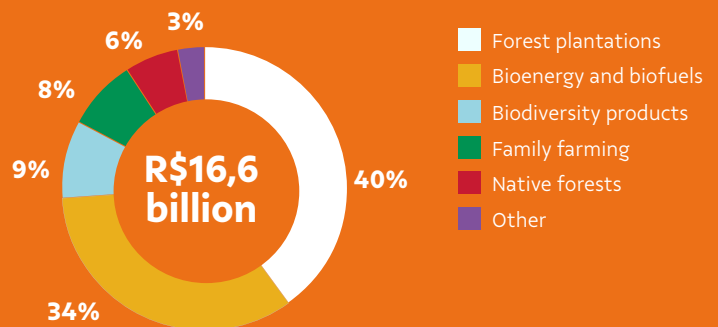
## BIOECONOMY GAINS PROMINENCE ON THE MULTILATERAL AGENDA

**What?** The G20 has approved a declaration with 10 voluntary principles for the development of the bioeconomy. They reinforce the need to eradicate hunger and poverty, include indigenous peoples and local communities, and conserve biodiversity. The attention given to this subject could boost the allocation of resources. According to the Climate Policy Initiative, funding for the bioeconomy in Brazil averaged R\$16 billion per year between 2021 and 2023, and many of these resources went to forestry (40%) and bioenergy (34%).

### Why does it matter to the private sector?

Including the bioeconomy in multilateral discussions will contribute to the development of the field and make it easier to identify priorities and funding needs.

**Funding for the bioeconomy in Brazil (2021-2023)**  
By bioeconomy sector



**Funding for the bioeconomy in Brazil (2021-2023)**  
By funding source



## PARÁ MAKES PROGRESS IN JURISDICTIONAL CARBON CREDIT PROJECT

**What?** Pará has become the *first Brazilian state to secure funding from the Leaf Coalition*, a global initiative supported by companies and countries. The agreement provides for US\$180 million investment in forest preservation and regional development, starting in 2025. In return, 12 million credits (US\$15/tCO<sub>2</sub>) will be sold for reducing deforestation in the state between 2023 and 2026. However, some *indigenous leaders criticized the agreement*, claiming that there was no prior and informed consultation process.

### Why does it matter to the private sector?

Jurisdictional REDD+ initiatives tend to strengthen the climate attributes of conservation credits, provided that integrity and permanence criteria are met.

## CLIMATE CHANGE GUIDES GOVERNMENT STRATEGIES AND PLANS

**What?** The Brazilian executive, legislative and judicial branches recently signed a *Pact for Ecological Transformation*, which *provides for measures in three broad areas*: territorial and land use planning; the energy transition; and development together with social, environmental and climate justice. Among other things, the idea is to expand funding for sustainable projects. In addition, Brazil's Climate Plan, which aims to *guide the country's climate policy until 2035*, has completed its *first public consultation stage*, receiving more than *1,200 proposals*. In the second stage, sector plans will be submitted.

**Why does it matter to the private sector?** Defining a national climate strategy could attract more resources and strengthen players in the sustainable business ecosystem.

## FINANCIAL SECTOR BOOSTS INVESTMENT IN AMAZON

**What?** The *World Bank has issued a US\$225 million bond*, maturing in 2033, linked to reforestation in the Brazilian Amazon. This "impact bond," the largest ever issued by the bank, offers investors a variable return tied to the creation of *carbon removal units*. At the same time, Brazilian bank *Itaú BBA joined a global initiative called Innovative Finance for the Amazon, Cerrado and Chaco*, which seeks to expand credit and investments in sustainable cattle and soybean farming and agroforestry systems. The initiative aims to disburse US\$1 billion by 2025 and US\$10 billion by 2030.

**Why does it matter to the private sector?** New mechanisms and sources of funding should be monitored by actors that aim to work with sustainable activities in the Amazon.

## AMAZON AT CENTER OF CLIMATE DISCUSSIONS

**What?** Amid *growing criticism of COP29's host country*, New York Climate Week gained prominence in 2024. Bringing together governments, the private sector and civil society, the event was perceived as an unofficial lead-up to the UN climate conference. Topics such as *climate finance*, *fossil industry subsidies* and *sustainable development in the Amazon* were debated in more than 900 panels. Meanwhile, *São Paulo Climate Week* discussed the prospects for the bioeconomy and ways to support local communities on a *day focused on the Amazon*.

**Por que importa para o setor privado?** Various stakeholders, including in the private sector, are putting the Amazon at the center of discussions, driving innovative solutions to the region's challenges.